



2026-27 NSW Pre-Budget Submission

NSW Treasury

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1. Introduction

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to contribute to the NSW Government's 2026–27 Pre-Budget Consultation. In New South Wales, Co-operatives and Mutual Enterprises (CMEs) are proven partners in delivering increased competition, consumer choice, and community well-being – all while fostering fiscal responsibility and self-reliance at the local level.

The NSW Government is committed to driving inclusive growth and a wellbeing economy that leaves no one behind whilst exercising fiscal discipline and the levers of productivity and competition.

Co-ops and mutuals are natural partners across the full range of Wellbeing themes.

Healthy	<ul style="list-style-type: none">• Through Australia's leading non-profit private health insurers, mutuals ensure affordable access to the full range of health services.• Co-op and mutual aged care service providers prioritise the needs of New South Wales citizens to age at home with dignity, whether in an urban or a regional setting.
Skilled	<ul style="list-style-type: none">• CMEs are high quality employers across industries, providing skilled jobs and training, including in manufacturing hotspots such as the Hunter and Newcastle.
Prosperous	<ul style="list-style-type: none">• Co-operatives build wealth and share it equitably among those who generate it.• CMEs contribute to a diverse economy, providing competition and choice for consumers and enabling independent businesses to compete with larger competitors.
Housed	<ul style="list-style-type: none">• Co-operative housing provides secure, affordable homes for people from all sections of society.• Specialist mutual banks prioritise the housing needs of front-line police, fire and health workers.
Secure	<ul style="list-style-type: none">• Mutuals provide comprehensive risk protection to communities and local councils across the State, facilitating the whole range of local civic activities at the best cost to taxpayers.
Community	<ul style="list-style-type: none">• As the original Australian community builders, co-operatives and mutuals have a long heritage of fostering community cohesion, from social clubs to self-help groups, First Nations co-operatives to today's modern co-operative and mutual businesses.
Connected	<ul style="list-style-type: none">• The historic role of NRMA in promoting safe and affordable transportation for citizens of NSW shows how mutuals can play an influential role in building the mobility infrastructure New South Wales and Australia needs to prosper.
Sustainable	<ul style="list-style-type: none">• Co-operatives and mutuals are the essential component of a circular economy, building wealth and prosperity and recirculating it to those responsible for creating it – the workers and customers.• CMEs have long worked towards net zero, in the face of climate deniers, delivering green loans, community energy and EV charging networks.

Already serving 8 in every 10 New South Wales citizens and more than 74,000 small businesses, the State's co-ops and mutuals are an aligned partner for government to achieve its objectives in key areas including social and affordable housing, regional development, renewable energy, local manufacturing and to increase export earnings.

To broaden the benefits of existing co-operatives and mutuals in NSW and encourage the development of new and innovative co-operatives in key areas of need, such as housing, green energy, manufacturing and care, the sector has invested in a comprehensive review of the current legislative, regulatory and operating environment for the State's co-operatives¹.

Our recommendations are designed to be practical, low-cost measures that integrate co-operatives into the State's economic strategy, thereby multiplying the impact of every dollar in the budget. Co-operative solutions offer a way to achieve policy goals – from bolstering manufacturing to delivering community services – in partnership with the people and businesses of NSW, ensuring broad buy-in and long-term sustainability.

We urge the NSW Government to embrace the co-operative and mutual model as a key tool for delivering a fair, competitive, and resilient economy in 2026–27 and beyond.

4 Key Recommendations for the NSW Government:

Partner with co-operatives and mutuals to expand the sector in alignment with the NSW Performance and Wellbeing Framework:

- Support initiatives to grow co-operatives in advanced manufacturing, agribusiness, renewable energy, social care and affordable housing.
- Work with the sector through the peak body to develop an investment roadmap to educate the market and attract capital investment into co-operatives for state-building activities in agriculture, regional development, circular economy, and manufacturing.

Work with the Commonwealth Government to improve the business environment for the State's co-operatives:

- Implement the recommendations of the BCCM's 'Modernising Co-operative Regulation Report' for reducing the red tape disadvantages of operating as a co-operative in NSW.
- Restore the former eligibility criteria for the State's Co-operative Loans Scheme to enable more co-operatives to access the loans to invest in the communities in which they operate through jobs, taxable income and export earnings.

¹ BCCM, 2025, [Modernising Australian Co-operatives Regulation Report](#)

2. Co-operatives and mutuals deliver competition and choice in NSW

Across New South Wales, co-operatives and mutuals have established a significant presence, with more than 760 such enterprises operating throughout the state. These organisations collectively generate over \$13 billion in annual turnover and directly employ over 25,500 people. NSW residents hold approximately 7.5 million memberships in co-ops and mutuals.

This means the majority of NSW households are directly touched by the CME sector – whether as customers of a customer-owned bank or credit union, members of a motoring mutual like NRMA, patrons of a farmer-owned food co-op, or participants in a community housing or care co-operative. These enterprises are locally owned, locally governed, and reinvest profits locally, ensuring that wealth generated in the State stays in NSW communities. ([National Mutual Economy Report 2025](#)).

Co-operatives and mutuals strengthen market competition by providing consumers and small businesses with alternative choices in markets often dominated by a few big players.

Because they prioritise member value over profit, co-ops often deliver lower prices or better services, pressuring investor-owned competitors to improve their offerings. Co-ops also fill market gaps by operating in sectors or regions that traditional companies find less profitable – for example, community-owned enterprises keeping essential services (banking, groceries, aged care, etc.) in small towns. In essence, co-ops and mutuals add healthy diversity to the corporate landscape, driving innovation and resilience. This aligns with the NSW Government’s objectives of boosting economic competitiveness, regional development, and social well-being without large new spending. Co-ops leverage private initiative and investment for public good.

Co-ops and mutuals complement investor-owned firms and government providers by introducing member-focused alternatives that drive better outcomes.

- **Challenging market concentration:** In sectors dominated by a few players (e.g., banking, insurance, groceries), co-ops and mutuals act as challengers, forcing incumbents to compete on price and service.
- **Empowering small players:** Co-operatives enable small businesses and consumers to pool resources, achieve scale, and compete with large corporates. From agricultural co-ops like Norco to retail purchasing groups and SME clusters, this model creates fairer markets and stronger local enterprises.
- **Diversity in corporate purpose:** Co-ops operate for members, not external shareholders, delivering better prices, quality, and reinvestment in services and communities. This member-centred purpose pressures competitors to improve and fosters long-term trust.
- **Innovation in underserved markets:** Co-ops often emerge where traditional businesses will not operate—such as regional and remote health and community energy projects—expanding choice and inspiring broader market innovation.
- **Resilience and continuity:** Diverse business forms make markets more resilient. Co-ops, rooted in communities, maintain services during crises, setting benchmarks for reliability and safeguarding consumer choice.

Supporting co-operatives and mutuals embeds consumer-focused competition into the market. NSW can strengthen resilience, innovation, and fairness by actively promoting these models alongside traditional businesses.

3. What co-operatives and mutuals already deliver for New South Wales

Co-operatives and mutuals are a cornerstone of the NSW economy, delivering essential services, supporting local jobs, and strengthening regional development. Being member-owned ensures value is retained and reinvested in NSW communities, rather than extracted for external shareholders.

In banking and finance, institutions such as Teachers Mutual Bank, Newcastle Greater Mutual Group, IMB and Police Bank manage billions in assets. They provide essential services, particularly in regional areas, and consistently achieve higher levels of customer satisfaction and loyalty than investor-owned banks.

For motorists, mutuals like the NRMA delivers roadside assistance and travel services to millions of members. Their mutual structure ensures that surpluses are returned to communities through lower fees and improved services, rather than distributed to external shareholders.

Agribusiness and regional development also benefit significantly from co-operatives. Farmer co-operatives enable family farms to remain viable, supporting local food security and strengthening regional economies. Co-operatives help small producers compete with larger corporations and retain economic value within rural communities. They enable the scale and value adding to enter global markets.

Co-operatives and mutuals are major contributors in health, housing, and social care. They provide health insurance, affordable housing, aged care, and disability support—particularly in regional, rural, and remote areas where traditional business models often fail to deliver adequate services.

The co-operative model delivers substantial economic and social benefits. Profits are reinvested in local communities, supporting infrastructure, services, and jobs. By prioritising member value over profit, co-operatives offer lower prices and better services, creating competitive pressure on investor-owned firms and ensuring consumers and small businesses have genuine alternatives in concentrated markets.

Co-operatives have demonstrated exceptional resilience during crises such as natural disasters and economic shocks. By maintaining local supply chains and supporting community self-reliance, leveraging local knowledge and deep trust networks, they enable regions to recover quicker and thrive.

4. How government can help to expand the sector: Focus areas and policy recommendations

4.1 Partner with co-operatives and mutuals to expand the sector in alignment with the NSW Performance and Wellbeing Framework:

- Support initiatives to grow co-operatives in advanced manufacturing, agribusiness, renewable energy, social care and affordable housing.
- Work with the sector through the peak body to develop an investment roadmap to educate the market and attract capital investment into co-operatives for state-building activities in agriculture, regional development, circular economy, and manufacturing.

To capitalise on the strengths of co-operatives and mutuals, the NSW Government can adopt initiatives that enable the growth of the sector and integrate co-ops into solutions to achieve the State's priorities. Co-ops are already making an impact in NSW and with supportive measures, they can deliver much more.

4.1.1 Advanced manufacturing – Collaborative industry growth

NSW's manufacturing sector can grow by enabling small and medium enterprises to collaborate. Co-operative industry clusters allow multiple firms to share resources, bid jointly on large contracts, and develop technology together. This directly benefits member businesses by giving them scale and capabilities they lack individually.

HunterNet Co-operative is a multi-stakeholder industry network based in Newcastle in the Hunter region of New South Wales, spanning sectors like manufacturing, defence, energy, and infrastructure. Established in 1992, it brings together 141 member businesses (mostly small and medium-sized enterprises) with a combined annual turnover of around \$82 billion.

The co-operative fosters collaboration, knowledge-sharing and innovation, enabling members to develop new capabilities, access new market opportunities, and reduce costs through collective scale. This model strengthens local industry resilience and competitiveness. The co-op's activities also benefit the broader community: member firms collectively support about 90,000 jobs, and by anchoring projects and skills locally, HunterNet drives sustainable economic development in the region.



Action: The NSW Government can build on this model by facilitating new co-operative clusters in strategic sectors. This could mean providing support to groups of SMEs forming co-ops, and shaping procurement guidelines so that consortia of local firms (including co-ops) are encouraged to bid on government projects. Such measures would empower SMEs to win bigger contracts, drive innovation, and create jobs while keeping economic benefits in NSW.

4.1.2 Agribusiness and food security – Keeping value in local hands

In agriculture, co-operatives enable farmers to own processing and marketing enterprises together, helping them capture more value from their products and maintain stable incomes. This model is vital for food security and rural economies.

Norco Co-operative: Founded in 1895 in Byron Bay, Norco is Australia’s largest farmer-owned dairy co-operative. Today, it has over 300 members operating more than 200 dairy farms across northern New South Wales and southeast Queensland. Norco processes approximately 214 million litres of milk annually through its bottling plants and ice cream factory, generating a combined annual revenue of around \$676 million.

The co-operative model ensures profits return to farmers, enabling fair farmgate prices even during market downturns. Norco empowers members to become “price makers” by negotiating supply deals and investing in product innovation. Beyond member benefits, Norco drives regional economic development by sustaining local jobs—over 800 positions—and reinvesting in community infrastructure. Its resilience was evident after the 2022 floods, when rebuilding its Lismore facility preserved employment and local milk supply. Norco exemplifies how co-operatives strengthen food security, create wealth locally, and foster sustainable growth



Action: The NSW Government can foster more co-ops like Norco by supporting co-operative development in agribusiness. This could include providing support for new producer co-ops in emerging sectors (such as plant-based proteins or bushfoods), making co-ops eligible and competitive for grants that expand regional processing or export capacity, and partnering with co-ops in disaster planning to protect supply chains. Such actions would strengthen rural communities, enhance value-added production, and improve the state’s food system resilience.

4.1.3 Social care – Co-operative solutions for health, aged care, and disability

Health, aged care, and disability services in NSW face workforce shortages and access gaps. Co-operative models address these challenges by giving ownership and decision-making to the people who use and deliver care. This results in services that are more responsive, sustainable, and community driven.

The BCCM's [Care Together Program](#) is Australia's first co-operative development program in the social care sector. Launched in 2023 with federal funding, it supports co-op solutions for aged care, disability support and community health in regional, rural and remote areas.

Under this initiative, three new co-operatives have been established in New South Wales, each delivering local benefits. **Glen Innes CARE Co-operative** created a community-owned health hub that improves access to primary care and gives local residents a voice in service design. **Murrumbidgee Aged Care Network Co-operative** enables smaller aged care providers to share back-office resources (compliance, HR, training), achieving economies of scale while maintaining their independence and quality of care. On the South Coast, the **Eurobodalla Community Care Co-operative** is a worker-owned co-op that supports independent care workers with training and administrative help, reducing burnout and ensuring continued services for the community.

A key outcome of Care Together is the **Mutual Care Ltd** prototype – a national shared services co-operative offering pooled back-office support, workforce development and other capacity-building infrastructure to strengthen these co-ops' long-term sustainability.



Action: NSW can expand on the success of Care Together by integrating co-operative models into its health and social care strategies. The government could support new community health co-ops in underserved areas, help groups of care workers form mutual enterprises, and adjust procurement rules so that co-ops (whether worker-owned or community-owned) can bid for service contracts. With supportive policy settings, more member-led services can flourish. This will improve care outcomes and workforce retention, as co-ops reinvest in local wellbeing instead of extracting profits.

4.1.4 Co-operative housing – Affordable homes for key workers and communities

Skyrocketing housing costs in NSW have left many essential workers and moderate-income families unable to live near their workplaces. Co-operative and mutual models can help by offering shared-equity home ownership and collectively owned housing, thereby reducing costs and providing secure tenure.

A recent initiative illustrating this potential is **HOPE Housing's** partnership with **Police Bank**. Through a shared-equity scheme, the co-op provides up to half the purchase price of a home while the buyer (a key worker such as a nurse, teacher, or police officer) takes out a mortgage for the rest.

This arrangement has already enabled over two dozen essential workers in Sydney to buy homes with manageable mortgages. As a result, these workers enjoy shorter commutes and greater job stability, which benefits the community. More broadly, co-operative housing allows residents to co-own developments and keep rents or purchase prices below market rates.



Action: The NSW Government can support these approaches by expanding shared-equity and co-op housing programs. For example, it could provide support to scale up key-worker housing schemes with mutual banks, converting public investment into long-term affordable home ownership. By championing co-operative housing, the government can deliver more affordable homes, retain critical workers in communities, and build community wealth through resident ownership.

4.2 Work with the Commonwealth Government to improve the business environment for co-operatives:

- The NSW Government implement the recommendations of the BCCM's '[Modernising Co-operative Regulation Report](#)' for reducing the red tape disadvantages of operating as a co-operative in NSW.
- The NSW Government restores the former eligibility criteria for the State's Co-operative Loans Scheme to enable more co-operatives to access the scheme to invest in the communities in which they operate through jobs, taxable income and export earnings.

4.2.1 Modernising co-operatives legislation:

Key observations

- Long time limits for regulatory approval of co-op rules disincentivises formation.
- The Model Rules need updating to be more useful for groups forming a co-operative.
- Changes in business regulation such as insolvency reforms, online general meeting provisions and the Director Identification Number system have not been applied to co-operatives.
- Globally there is a trend towards permanent protection of legacy assets being included in co-operatives legislation.

Key recommendations

- Reduce legislated approval times to 14 days.
- Review and update the Model Rules.
- Appropriately apply recent changes to business regulation to co-operatives
- Introduce opt-in provisions for permanent protection of co-operative legacy assets.

4.2.2 Enhancing regulatory co-ordination:

Key observations

- Lack of regulatory guidance on disclosure statements is a barrier to co-operative growth.
- Public data about co-operatives is hard to access.
- The impact on co-operatives is not usually considered when business regulatory reforms at state or Commonwealth level are being developed or implemented.

Key recommendations

- Develop national guidance for disclosure statements.
- Combine public registers for improved access to co-operative data.
- Formalise and renew regulatory co-ordination between states and territories and with the Commonwealth

4.2.3 State Co-operative Loans Scheme:

The NSW Government restores the former eligibility criteria for the State's Co-operative Loans scheme to enable more co-operatives to access the scheme to invest in the communities in which they operate through jobs, taxable income and export earnings.

We thank you for considering our submission. The BCCM looks forward to the opportunity for continued engagement to help build a more competitive, inclusive, and resilient NSW economy through co-operative and mutual enterprise. We stand ready to provide further information.

About the BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators, and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-op and mutual movement.

Through its member co-ops and mutuals, the BCCM represents 14.4 million memberships, including 60,000 small and medium businesses.

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